APPENDIX A — EXCERPT FROM FIRST AMENDED COMPLAINT FOR DAMAGES AND INJUNCTIVE RELIEF AND DEMAND FOR TRIAL BY JURY DATED JANUARY 17, 2002

UNITED STATES DISTRICT COURT FOR THE CENTRAL DISTRICT OF CALIFORNIA

CASE NO. SACV01-819 DOC (ANX)

ROBB EVANS, as Receiver for TLC America, Inc.,

Plaintiff,

vs.

JAMES F. GARRO, an individual; DAVID PRICE, an individual; PAUL CHOVANEC, an individual; TERRY E. PROVENCE, an individual; ALLISON-McCLOSKEY ESCROW CO., a California corporation; NAVAJO CAPITAL, INC., a Wyoming corporation; SIENNA FINANCIAL LTD., a British Virgin Islands corporation; CAMELOT INTERNATIONAL, LLC, a Wyoming limited liability company; MERLIN FINANCIAL, LLC, a Wyoming limited liability company; CORFU INTERNATIONAL, LLC, a Wyoming corporation; THE LANCELOT FOUNDATION, a Wyoming nonprofit company; APPALOOSA INTERNATIONAL, INC., a Wyoming corporation; CITATION FINANCIAL MANAGEMENT, INC., a Wisconsin corporation; CERTEX INVESTMENTS, INC., a Wisconsin corporation; DURHAM CAPITAL GROUP, INC., a Nevada corporation; and FORTRESS FINANCIAL LTD., a British Virgin Islands corporation,

Defendants.

Appendix A

FIRST AMENDED COMPLAINT FOR DAMAGES AND INJUNCTIVE RELIEF FOR:

1. FRAUD AND DECEIT;

2. AIDING AND ABETTING;

3. CONVERSION;

4. MONEY HAD AND RECEIVED;

5. NEGLIGENCE;

6. BREACH OF FIDUCIARY DUTY; AND

7. CONSTRUCTIVE FRAUD

AND DEMAND FOR TRIAL BY JURY

Plaintiff ROBB EVANS, as Receiver for TLC America, Inc. ("Receiver" or "TLC"), complains and alleges against Defendants, and each of them, as follows:

JURISDICTION AND VENUE

1. Subject matter jurisdiction is based on, among other provisions, 28 U.S.C. Section 1331. By Order of the Court dated October 5, 1999, Robb Evans was appointed Temporary Receiver over the assets of TLC Investments and Trade Co., TLC America, Inc., TLC Brokerage, Inc., TLC Development, Inc., TLC Real Properties, RLLP-1 and their subsidiaries and affiliates.

Mr. Evans was made permanent Receiver on November 1, 2000. The November 1, 2000, Order, paragraph VII., gives Mr. Evans full powers of an equity receiver, including "full power over all funds, assets, collateral, . . . and other property belonging to or in the possession of or control of TLC, TLC America, TLC Brokerage, TLC Development, TLC Real Properties, and any of their subsidiaries and affiliates [hereinafter the Receivership entities]." Pursuant to Paragraph VII, Mr. Evans was specifically directed to ". . . take custody, control, possession, and charge of all funds, assets, collateral, . . . of [the Receivership entities], with full power to sue, foreclose, marshal, sell, liquidate, collect, receive, and take into possession all such property." Mr. Evans was further directed to "take such action as is necessary and appropriate to preserve and take control of and to prevent the dissipation, concealment or disposition of any assets of [the Receivership entities];" (par. VII. D.) and, "where appropriate, to institute, pursue, and prosecute all claims and causes of action of whatever kind and nature which may now or hereafter exist as a result of the activities of present or past employees or agents of [the Receivership entities]." (par VII. G.).

2. Subject matter jurisdiction is further based on 28 U.S.C. section 754, which also vests the Court with ancillary jurisdiction over matters within the Receiver's powers. This Complaint alleges that the Defendants are holding, or facilitated in the diversion of, TLC's assets. The Receiver has traced TLC's funds to the Defendants and to bank accounts and investment accounts

maintained by them. The Receiver has further traced TLC's funds to the purchase of real property in La Jolla, California, Santa Fe, New Mexico, and Encinitas, California, by Defendant James F. Garro and/or entities he controls. The Santa Fe property is more fully described as:

> Tract A2 as shown and delineated on plat entitled "Survey Plat Prepared for Christopher Rote Showing a Division of Tract A recorded in Book 294, Page 013, City and County of Santa Fe, N.M. Projected Section 8, T17N, R10E, NMPM", prepared by Gary E. Dawson, NMPLS No. 7014, dated March 27, 1995 and filed as Document No. 929,643 in Plat Book 323, Page 44, in the records of Santa Fe County, New Mexico.

The Encinitas property is more fully described as:

> Lot 101 of CITY OF ENCINITAS TRACT NO. 4579-2 in the City of Encinitas, County of San Diego, State of California, according to Map thereof No. 11922 filed in the Office of the County Recorder of San Diego, October 23, 1987.

3. Accordingly, the Court has jurisdiction over this matter because it seeks the recovery of property of the Receivership Entities. The district court which appoints a receiver in a primary action for which subject matter jurisdicion exists has ancillary subject matter

jurisdiction for all additional suits brought by a receiver pursuant to the order of appointment regardless of whether a separate jurisdictional basis exists for instituting action in the United States District Court.

4. As further set forth herein, the Court has personal jurisdiction because each Defendant is either domiciled in this State or has sufficient minimum contacts with this State.

5. Venue is proper in this District pursuant to 28 U.S.C. Section 1391(b) in that the wrongful diversion of assets from TLC originated in this District. Moreover, a substantial part of the events or omissions on which TLC's claims are based occurred in this District. For example, Defendant James Garro sent correspondence to Mr. Cossey in Orange County and convinced him to "invest" TLC's funds in the scheme alleged herein. Moreover, in reliance on Garro's false representations, TLC wired $20,000,000 from its bank account in Orange County — approximately $10,000,000 of which has not been returned.

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APPENDIX B — RELEVANT TEXAS RULES OF CIVIL PROCEDURE SECTION 8. TRESPASS TO TRY TITLE

Rule 783. Requisites of Petition

The petition shall state:

(a) The real names of the plaintiff and defendant and their residences, if known.

(b) A description of the premises by metes and bounds, or with sufficient certainty to identify the same, so that from such description possession thereof may be delivered, and state the county or counties in which the same are situated.

(c) The interest which the plaintiff claims in the premises, whether it be a fee simple or other estate; and, if he claims an undivided interest, the petition shall state the same and the amount thereof.

(d) That the plaintiff was in possession of the premises or entitled to such possession.

(e) That the defendant afterward unlawfully entered upon and dispossessed him of such premises, stating the date, and withholds from him the possession thereof.

(f) If rents and profits or damages are claimed, such facts as show the plaintiff to be entitled thereto and the amount thereof.

(g) It shall conclude with a prayer for the relief sought.

Rule 784. The Possessor Shall Be Defendant

The defendant in the action shall be the person in possession if the premises are occupied, or some person claiming title thereto in case they are unoccupied.

Rule 785. May Join As Defendants, When

The plaintiff may join as a defendant with the person in possession, any other person who, as landlord, remainderman, reversioner or otherwise, may claim title to the premises, or any part thereof, adversely to the plaintiff.

Rule 786. Warrantor, Etc., May Be Made a Party

When a party is sued for lands, the real owner or warrantor may make himself, or may be made, a party defendant in the suit, and shall be entitled to make such defense as if he had been the original defendant in the action.

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Rule 787. Landlord May Become Defendant

When such action shall be commenced against a tenant in possession, the landlord may enter himself as the defendant, or he may be made a party on motion of such tenant; and he shall be entitled to make the same defense as if the suit had been originally commenced against him.

Rule 788. May File Plea of "Not Guilty" Only

The defendant in such action may file only the plea of "not guilty," which shall state in substance that he is not guilty of the injury complained of in the petition filed by the plaintiff against him, except that if he claims an allowance for improvements, he shall state the facts entitling him to the same.

Rule 789. Proof Under Such Plea

Under such plea of "not guilty" the defendant may give in evidence any lawful defense to the action except the defense of limitations, which shall be specially pleaded.

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Rule 790. Answer Taken As Admitting Possession

Such plea or any other answer to the merits shall be an admission by the defendant, for the purpose of that action, that he was in possession of the premises sued for, or that he claimed title thereto at the time of commencing the action, unless he states distinctly in his answer the extent of his possession or claim, in which case it shall be an admission to such extent only.

Rule 791. May Demand Abstract of Title

After answer filed, either party may, by notice in writing, duly served on the opposite party or his attorney of record, not less than ten days before the trial of the cause, demand an abstract in writing of the claim or title to the premises in question upon which he relies.

Rule 792. Time to File Abstract

Such abstract of title shall be filed with the papers of the cause that within thirty days after the service of the notice, or within such further time that the court on good cause shown may grant; and in default thereof, the court may, after notice and hearing prior to the beginning of trial, order that no written instruments which are evidence of the claim or title of such opposite party be given on trial.

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Rule 793. Abstract Shall State, What

The abstract mentioned in the two preceding rules shall state:

(a) The nature of each document or written instrument intended to be used as evidence and its date; or

(b) If a contract or conveyance, its date, the parties thereto and the date of the proof of acknowledgment, and before what officer the same was made; and

(c) Where recorded, stating the book and page of the record.

(d) If not recorded in the county when the trial is had, copies of such instrument, with the names of the subscribing witnesses, shall be included. If such unrecorded instrument be lost or destroyed it shall be sufficient to state the nature of such instrument and its loss or destruction.

Rule 794. Amended Abstract

The court may allow either party to file an amended abstract of title, under the same rules, which authorize the amendment of pleadings so far as they are applicable; but in all cases the documentary evidence of title shall at the trial be confined to the matters contained in the abstract of title.

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Rule 795. Rules in Other Cases Observed

The trial shall be conducted according to the rules of pleading, practice and evidence in other cases in the district court and conformable to the principles of trial by ejectment, except as otherwise provided by these rules.

Rule 796. Surveyor Appointed, Etc

The judge of the court may, either in term time or in vacation, at his own discretion, or on motion of either party to the action appoint a surveyor, who shall survey the premises in controversy pursuant to the order of the court, and report his action under oath to such court. If said report be not rejected for good cause shown, the same shall be admitted as evidence on the trial.

Rule 797. Survey Unnecessary, When

Where there is no dispute as to the lines or boundaries of the land in controversy, or where the defendant admits that he is in possession of the lands or tenements included in the plaintiff's claim, or title, an order of survey shall be unnecessary.

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Rule 798. Common Source of Title

It shall not be necessary for the plaintiff to deraign title beyond a common source. Proof of a common source may be made by the plaintiff by certified copies of the deeds showing a chain of title to the defendant emanating from and under such common source. Before any such certified copies shall be read in evidence, they shall be filed with the papers of the suit three days before the trial, and the adverse party served with notice of such filing as in other cases. Such certified copies shall not be evidence of title in the defendant unless offered in evidence by him. The plaintiff may make any legal objection to such certified copies, or the originals thereof, when introduced by the defendant.

Rule 799. Judgment by Default

If the defendant, who has been personally served with citation according to law or these rules fails to appear and answer by himself or attorney within the time prescribed by law or these rules for other actions in the district court, then judgment by default may be entered against him and in favor of the plaintiff for the title to the premises, or the possession thereof, or for both, according to the petition, and for all costs, without any proof of title by the plaintiff.

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Rule 800. Proof Ex Parte

If the defendant has been cited only by publication, and fails to appear and answer by himself, or by attorney of his own selection, or if any defendant, having answered, fails to appear by himself or attorney when the case is called for trial on its merits, the plaintiff shall make such proof as will entitle him prima facie to recover, whereupon the proper judgment shall be entered.

Rule 801. When Defendant Claims Part Only

Where the defendant claims part of the premises only, the answer shall be equivalent to a disclaimer of the balance.

Rule 802. When Plaintiff Proves Part

Where the defendant claims the whole premises, and the plaintiff shows himself entitled to recover part, the plaintiff shall recover such part and costs.

Rule 803. May Recover a Part

When there are two or more plaintiffs or defendants any one or more of the plaintiffs may recover against one or more of the defendants the premises, or any part thereof, or any interest therein, or damages, according to the rights of the parties.

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Rule 804. The Judgment

Upon the finding of the jury, or of the court where the case is tried by the court, in favor of the plaintiff for the whole or any part of the premises in controversy, the judgment shall be that the plaintiff recover of the defendant the title or possession, or both, as the case may be, of such premises, describing them, and where he recovers the possession, that he have his writ of possession.

Rule 805. Damages

Where it is alleged and proved that one of the parties is in possession of the premises, the court or jury, if they find for the adverse party, shall assess the damages for the use and occupation of the premises. If special injury to the property be alleged and proved, the damages for such injury shall also be assessed, and the proper judgment shall be entered therefor, on which execution may issue.

Rule 806. Claim for Improvements

When the defendant or person in possession has claimed an allowance for improvements in accordance with Sections 22.021—22.024, Texas Property Code, the claim for use and occupation and damages mentioned in the preceding rule shall be considered and acted on in connection with such claim by the defendant or person in possession.

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Rule 807. Judgment When Claim for Improvements Is Made

When a claim for improvements is successfully made under Sections 22.021—22.024, Texas Property Code, the judgment shall recite the estimated value of the premises without the improvements, and shall also include the conditions, stipulations and directions contained in Sections 22.021—22.024, Texas Property Code so far as applicable to the case before the court.

Rule 808. These Rules Shall Not Govern, When

Nothing in Sections 22.001—22.045, Texas Property Code, shall be so construed as to alter, impair or take away the rights of parties, as arising under the laws in force before the introduction of the common law, but the same shall be decided by the principles of the law under which the same accrued, or by which the same were regulated or in any manner affected.

Rule 809. These Rules Shall Not Govern, When

Nothing in these rules relating to trespass to try title shall be so construed as to alter, impair or take away the rights of parties, as arising under the laws in force before the introduction of the common law, but the same shall be decided by the principles of the law under which the same accrued, or by which the same were regulated or in any manner affected.